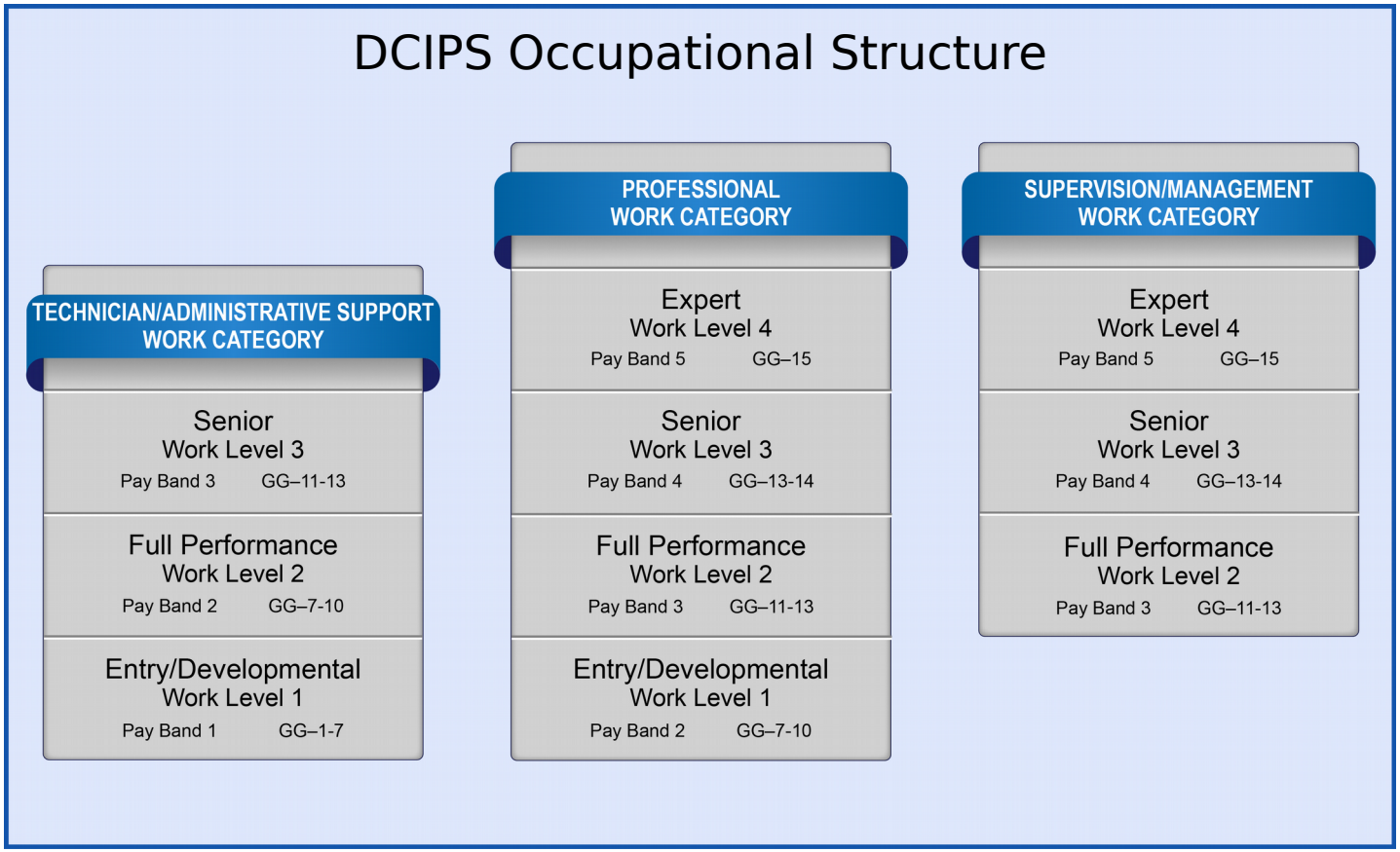
# Lesson 6: Compensation Administration

Duration: 2 hours

# Lesson 6 Topics

- Topic 1 – Base Salary
- Topic 2 – Local Market Supplements (LMS) and Targeted Local Market Supplements (TLMS)
- Topic 3 – DCIPS Annual Structure Adjustments
- Topic 4 – Setting Pay
- Topic 5 – Other Special Situations
- Topic 6 – Foreign Language Proficiency Pay (FLPP)

# DCIPS Occupational Structure



## Compensation System Basic Principles

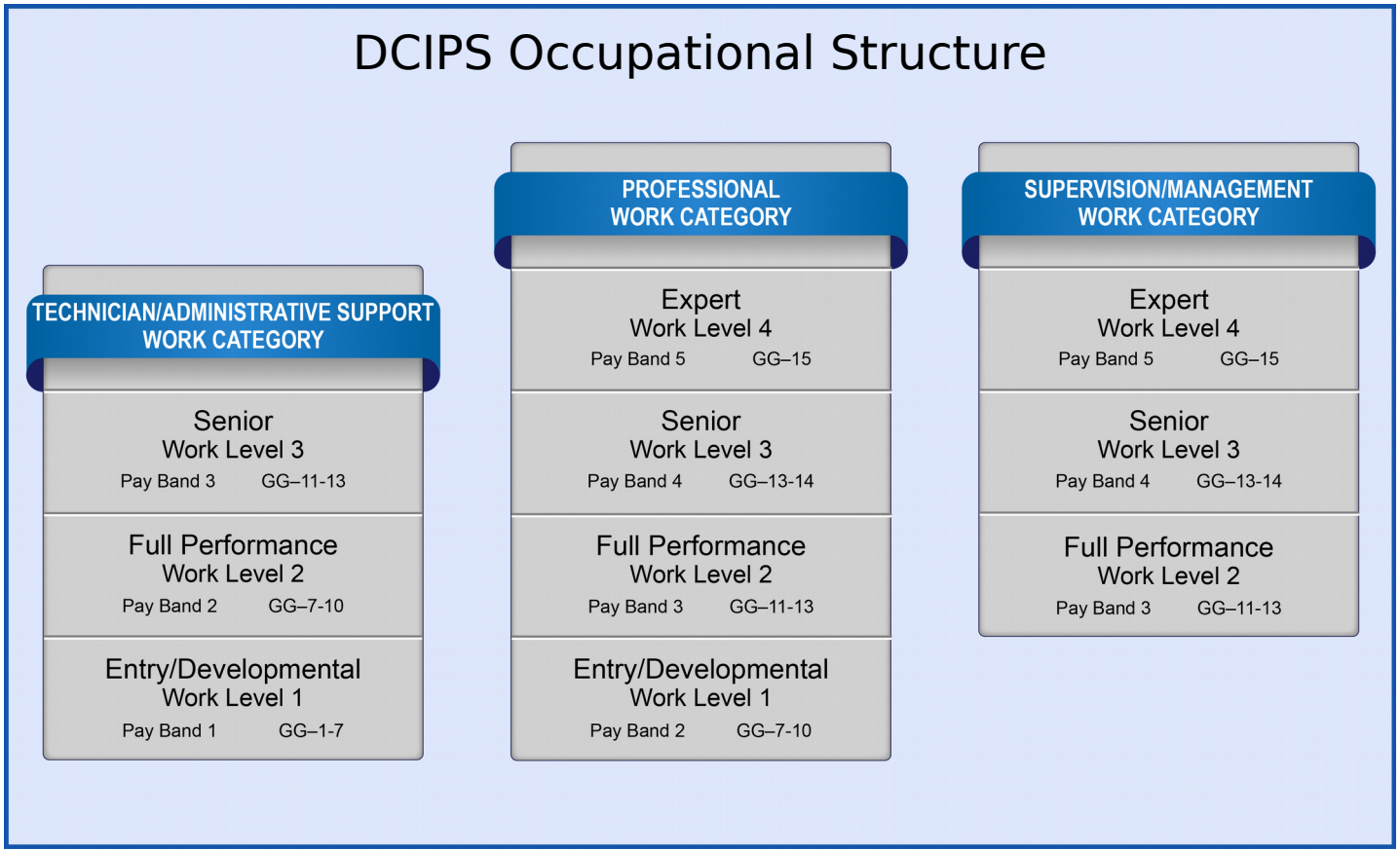
- Provides pay opportunities that enable flexible and effective recruitment, management, and retention of a high-quality, high-performing workforce
- Promotes a high-performance culture
- Recognizes employee performance and contributions to the mission
- Focuses on total compensation

# Total Compensation Key Terms

- Base Pay
- Local Market Supplement (LMS)
- Targeted Local Market Supplement (TLMS)
- Basic Pay

Basic pay = Base pay + LMS (or TLMS)

# DCIPS Occupational Structure



# LMS and TLMS

- Allows Components to compete more effectively for highly skilled employees
- Replaces GS locality pay and special rate supplements
- Included in basic pay
  - Basic pay = base pay + LMS or TLMS
  - Employees may receive an LMS or TLMS, but not both
- Considered when calculating many of the Federal benefits

# Setting and Adjusting LMS and TLMS

- Who has the authority to set or adjust LMS and TLMS?
- What does DCIPS consider when determining the monetary value of LMS and TLMS?
- What is DCIPS LMS linked to?
- What are occupational TLMSs analogous to?
- Is an LMS portable?
- Is a TLMS portable?

# Annual Structure Adjustments

Applies to both pay banded and graded compensation structures:

- Reviewed annually
- Linked to the annual Congressional pay increase process
- Adjusted at the same rate and at the same time as the General Schedule
- LMS rates are adjusted to correspond to locality rate increases
- Each TLMS is reviewed annually to determine whether the business case exists for its continuation
- Employee performance may affect eligibility to receive an LMS or TLMS

# Setting Pay

# Setting Pay Exercise

This exercise is intended to help you understand that selectees bring many assets to a new position, such as education, training, experience, and past performance that should be considered when setting pay in relation to the requirements of the positions.

- Each group will read the case study.
- Review the hypothetical Component guidelines and the Professional Work Category DCIPS Salary Table.
- Discuss the possible responses to the case study.
- Record how your group arrived at its answers and any special considerations.
- Provide both the salary and the grade/step for each.
- Assign a spokesperson to share your group's responses with the other groups.

# Reassignment

- What is a reassignment?
- Are employees eligible for pay increases upon reassignment?
- What is an employee-initiated reassignment?
- What is a management-directed reassignment?
- When will a reassignment occur competitively?
- Which two work categories are considered equivalent for noncompetitive reassignments?

# Promotion

A promotion occurs when an employee is advanced to a higher pay band or grade

## Reduction in Band or Grade Scenarios

- Voluntary reduction at employee's request
- Involuntary reduction resulting from a management-directed action
- Involuntary reduction resulting from an adverse action

# Pay Retention

Pay retention is used to prevent a reduction in salary when an employee's former rate of pay exceeds the maximum rate of the employee's new pay band or grade

# Setting Pay Exercise #2

- Determine how pay would be set for each scenario provided.
- Go to ‘Exercise 6-2: Setting Pay for Reassigned or Promoted Employees’ on page 6-32 of the Participant Guide for the scenarios.
- Assign a spokesperson to share your answers with the other groups.

# Special Situations Related to Pay

- Developmental Progression Programs
- Continuation of Documented Career Ladders
- Non-foreign Area OCONUS (outside the contiguous United States) TLMS rates

## Foreign Language Proficiency Pay (FLPP)

- Volume 2016, established in April 2015, assigns responsibility and required activities to administer FLPP
- FLPP is not considered when determining basic pay rate
- The minimum qualifying language skill level will not be less than Interagency Language Roundtable (ILR) Level 2
- Total amount of FLPP may not exceed $55,000 in a calendar year

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